

Message Text

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PAGE 01 AMMAN 04193 01 OF 02 261116Z
ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 NEAE-00 /011 W
-----079506 261125Z /15

P 260800Z JUL 77

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 2510

C O N F I D E N T I A L SECTION 1 OF 2 AMMAN 4193

STADIS////////////////////////////////////

DISTRIBUTE ONLY TO NEA/ARN DRAPER FROM PICKERING

E.O. 11652: GDS

TAGS: EAID, US, JO, XF

SUBJECT: FY 79 JORDAN AID PROGRAM

REF: A) STATE 171920, B) AMMAN 4059

1. BE GRATEFUL IF YOU WOULD TELL ME WHETHER AND BY WHOM STATE REPRESENTED AT JULY 21 MEETING, AND WHETHER MY REF (B) (EXDIS) TO ATHERTON AND WHEELER HAD BEEN RECEIVED BEFORE MEETING. IF MY MESSAGE RECEIVED AFTER MEETING, MAY EXPLAIN WHY AID HAS NOT YET INFORMED US IN ANY WAY OF DECISIONS MADE AT MEETING.

2. NATIONAL PLANNING COUNCIL HAS PROMISED PRE-LIMINARY MEMO ON JULY 27 THAT WILL ADDRESS JORDAN'S ABILITY TO SUPPORT (MANPOWER, ETC.) MAQARIN AND POTASH SIMULTANEOUSLY. WHEN AVAILABLE WILL CABLE SUMMARY IN RESPONSE TO QUESTIONS YOU RAISE IN PARA 4, REF (A).

3. FOR ALL REASONS SPELLED OUT IN REF (B), I HAD RECOMMENDED BUDGET SUPPORT AT \$38 MILLION BUT AM WILLING TO SEE IT SET AT \$35 MILLION FOR
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PAGE 02 AMMAN 04193 01 OF 02 261116Z

FY 79 IF YOU FEEL THAT WILL MAKE IT MORE PALATABLE.

4. ASSUMING A BILATERAL PROGRAM LEVEL OF \$125, AND \$35 IN BUDGET SUPPORT, PARAGRAPHS 5-6 BELOW DEAL WITH PRIORITIES FOR REMAINING \$90 MILLION.

5. BESIDES THE AMOUNT FOR BUDGET SUPPORT, \$39.5

MILLION IS REQUESTED IN THE FY 79 ABS SUBMISSION FOR THE REGULAR DEVELOPMENT PROGRAM, CONSISTING OF \$3.5 MILLION IN DEVELOPMENT GRANTS, \$5 MILLION IN TECHNICAL ASSISTANCE GRANTS, AND THE BALANCE IN LOANS. THESE AMOUNTS ARE PROPOSED FOR A VERY CAREFULLY THOUGHT-OUT DEVELOPMENT PROGRAM THAT CONTINUES THE MOMENTUM OF ON-GOING PROJECTS IN THE JORDAN VALLEY AND MAKES IT POSSIBLE TO START DESPERATELY NEEDED EXTENSIONS AND IMPROVEMENT OF AMMAN'S WATER AND SEWAGE SYSTEM THAT WILL PRINCIPALLY BENEFIT THE DISADVANTAGED (LARGELY PALESTINIAN) POPULATION. I WOULD BE VERY UNWILLING TO SEE THIS PROPOSED PROGRAM REDUCED.

6. THE JORDANIANS HAD REQUESTED \$70 MILLION IN U.S. ASSISTANCE FOR POTASH BUT HAVE ACCEPTED THE FACT THAT \$50 MILLION IS A MORE REALISTIC FIGURE. WE INCLUDED THE LATTER AMOUNT IN THE ABS AND I STILL FEEL THAT \$50 MILLION FOR A PROJECT THAT MAY COST \$400 MILLION IN TOTAL WOULD BE THE APPROPRIATE U.S. SHARE. OMB HAS MADE IT CLEAR THAT MULTI-YEAR FUNDING WOULD NOT BE ACCEPTABLE FOR THIS PROJECT AND THE ONLY POSSIBLE APPROACH, THEREFORE, WOULD BE TO FUND IT COMPLETELY IN FY 79.

7. THE COST OF JUST THE DAM AND THE DIVERSION
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PAGE 03 AMMAN 04193 01 OF 02 261116Z

WEIR IN THE MAQARIN PROJECT WOULD BE AT LEAST \$240 MILLION. WE KNOW THAT ALL POTENTIAL ARAB DONORS (EXCEPT POSSIBLY THE SAUDIS, WHO WERE NOT PRESENT AT THE RECENT LONDON CONFERENCE) AND THE WEST GERMANS HAVE ALREADY MADE IT CLEAR THAT ALTHOUGH THEY WOULD CONTRIBUTE TO THE DOWNSTREAM IRRIGATION WORKS ON THE EAST BANK, THEY WILL NOT CONTRIBUTE TO THE CONSTRUCTION COSTS OF THE DAM BECAUSE OF THE POLITICAL IMPLICATIONS. I BELIEVE IT IS REASONABLE TO EXPECT THAT THE IBRD (AND POSSIBLY THE SAUDIS INDIRECTLY THROUGH THE IBRD), IF ENCOURAGED BY THE U.S., MIGHT CONTRIBUTE UP TO HALF OF THE \$240 MILLION FOR THE DAM, LEAVING ANOTHER \$120 AS OUR SHARE.

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PAGE 01 AMMAN 04193 02 OF 02 261257Z
ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 NEAE-00 /011 W
-----080671 261348Z /45

P 260800Z JUL 77

FM AMEMBASSY AMMAN
TO SECSTATE WASHDC PRIORITY 2511

C O N F I D E N T I A L SECTION 2 OF 2 AMMAN 4193

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8. THERE IS NO WAY, EVEN IF BUDGET SUPPORT WERE
ELIMINATED, AND MOST OF THE OTHER PROJECTS AS WELL,
THAT POTASH AND MAQARIN COULD BE FINANCED OUT OF ONE
YEAR'S BILATERAL PROGRAM, EVEN AT \$125 MILLION, AND
WE HAVE NEVER EXPECTED THAT OUR CONTRIBUTION TO
MAQARIN WOULD BE TREATED AS A BILATERAL PROJECT.

9. WITH CONGRESSIONAL ENCOURAGEMENT DURING VISITS
HERE, WE HAVE MADE CLEAR THAT MAQARIN MAKES SENSE
AS A REGIONAL PROJECT, WHICH CLEARLY BENEFITS JORDAN,
ISRAEL (GUARANTEED QUANTITY OF HIGH-QUALITY WATER FOR TRIANGLE
PLUS USE OF A SURPLUS FOR TIBERIAS) AND THE WEST
BANK. WE CONTINUE TO BELIEVE THAT THERE SHOULD BE
A BILATERAL PROGRAM IN FY 79 AT THE EXCEPTIONAL
LEVEL OF \$120-125 MILLION TO INCLUDE POTASH, AND ADDITIONALLY
A REGIONAL PROJECT FOR MAQARIN OF ABOUT THE SAME
SIZE. WE ARE PREPARED AS SOON AS REQUIRED TO MAKE
A FORMAL PROPOSAL TO DO THIS AND BELIEVE THIS IS
THE ONLY REASONABLE WAY TO PROCEED. FOR THE U.S.
TO FAIL TO PROCEED IN FY 1979, ASSUMING ALL OTHER
ASPECTS SUCH AS WATER RIGHTS ARE IN PLACE, WOULD
BADLY UNDERMINE OTHER DONOR INTEREST AND CONFIDENCE
AND COULD SINK THE PROJECT.

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PAGE 02 AMMAN 04193 02 OF 02 261257Z

10. AS PRESIDENT SUGGESTED TO KING, SEEMS ONLY
CORRECT THAT A SERIOUS REVIEW OF MAQARIN PROJECT
BE MADE FROM POINT OF VIEW OF ITS POLITICAL AS WELL
AS ECONOMIC FEASIBILITY AND IMPORTANCE. UNDER MOST
CONCEIVABLE CIRCUMSTANCES FOR FUTURE IT WOULD
CONTRIBUTE HEAVILY TO STABILITY AND ARAB-ISRAELI

COOPERATION. WHAT HAS HAPPENED, IF ANYTHING, TO
STUDY PROPOSAL? WE THOUGHT NICK VELIOTES WAS GOING
TO SEE THAT IT WAS TAKEN UP. WE BELIEVE CAREFUL
REVIEW AT HIGH LEVEL IS ONLY METHOD OF ASSURING
THAT PROPOSAL GETS FULL ATTENTION WHICH PRESIDENT SUGGESTED
AND JORDANIANS EXPECT AND ONLY WAY THAT THIS PROPOSAL FOR
REGIONAL FUNDING CAN BE ADEQUATELY REVIEWED.

11. I BELIEVE THIS ISSUE IS IMPORTANT ENOUGH TO
OUR NATIONAL INTERESTS IN THIS AREA TO FOLLOW THROUGH
PERSONALLY. PLEASE ADVISE WHETHER YOU FEEL IT
WOULD BE HELPFUL FOR ME TO COME BACK TO
WASHINGTON IN NEAR FUTURE TO ASSIST IN STUDY AND
BE PRESENT DURING DECISION-MAKING PROCESS.
I FEEL NOW MY TIME IS LIKELY TO BE BETTER SPENT THERE
THAN WRITING CABLES FROM HERE.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE APPROPRIATIONS, DAMS, POTASSIUM
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Jul-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977AMMAN04193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770265-1329
Format: TEL
From: AMMAN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770720/aaaaardr.tel
Line Count: 187
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 16040e64-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: 77 STATE 171920, 77 AMMAN 4059
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1754193
Secure: OPEN
Status: NATIVE
Subject: FY 79 JORDAN AID PROGRAM
TAGS: EAID, US, JO, XF
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/16040e64-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009